

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA)
MEDI-CAL BRIDGE LOAN PROGRAM OF 2010

Applicant:	Community Action Partnership of San Luis Obispo County, Inc. (CAPSLO) (the "Borrower")	Amount Requested:	Not to exceed \$171,000
Applicant Address:	1030 Southwood Drive San Luis Obispo, CA 93401 San Luis Obispo County	Date Requested:	September 30, 2010
Facility Type:	Community clinic	Resolution Number:	2010-21
Prior Borrower:	Yes, HELP II (The current outstanding balance is \$357,548 and payments are timely.)	Loan Term:	No later than 45 days following the enactment of a 2010-2011 budget by the State of California
Background of Financing:	Many non-profit health facilities are facing significant and potentially debilitating financial burdens associated with the State of California's current budget impasse and consequential delayed Medi-Cal reimbursements. Borrowers seek funding to bridge this financial gap to help maintain vital health services for its communities until such time as the budget is passed.		
Purpose:	Loan proceeds will be used to offset Medi-Cal reimbursement delays due to the State's budget impasse.		
Financial Overview:	<p>The Borrower's FY 2010 debt service coverage ratio of 0.86x is below CHFFA's target ratio of 1.10x. This financing is expected to help sustain the Borrower's daily operations until the State budget passes.</p> <p>CAPSLO is a large organization that is committed to fighting the causes of poverty and currently operates two (2) community clinics located in San Luis Obispo and Arroyo Grande. It has managed to operate at close to break-even during the review period of FY 07 – FY 09. CAPSLO did experience a decline in total revenues in FY 2009 due to a decline in fundraising and grants, likely due to the poor state of the economy. Also, CAPSLO has not yet reaped the benefit of a full year's interest expense savings associated with their HELP II refinancing obtained in September 2009. CAPSLO does have \$1.58 million cash, though this represents only 10 days cash on hand. In addition, they have an impressive \$7.75 million in unrestricted net assets.</p>		
Financing Structure:	<ul style="list-style-type: none"> ▪ The entire loan balance shall be repaid in full no later than 45 days following the enactment of a 2010-2011 budget by the State of California. ▪ Loan proceeds are to be disbursed on an as-needed basis in a total amount not to exceed the facility's third-party-approved Medi-Cal claims. ▪ Loan origination fee of 1.25%. ▪ 0% fixed interest rate. ▪ Corporate gross revenue pledge. ▪ Department of Health Care Services interception of Medi-Cal reimbursements to ensure repayment upon passage of 2010-2011 State budget. 		
Due Diligence:	<p>Due diligence of the following items has been completed or will be completed prior to closing:</p> <ul style="list-style-type: none"> ▪ Religious Due Diligence ▪ Legal Review ▪ Community Service Obligation ▪ CEQA/Seismic/Pass through (Not required) 		
Staff Recommendation:	Staff recommends the Authority approve Resolution Number 2010-21 in an amount not to exceed \$171,000 for Community Action Partnership of San Luis Obispo County, Inc., including a waiver of the Authority's application fee and subject to financing terms acceptable to the Authority.		

Community Action Partnership of San Luis Obispo County, Inc.

Statement of Activities

(Unrestricted)

	For the Year Ended March 31,		
	2,010	2,009	2,008
Revenue:			
Grants and Contracts	\$ 52,766,798	\$ 53,346,929	\$ 49,791,601
In-kind donations	2,621,601	2,283,085	2,123,759
Donations and fundraising	339,509	521,315	432,268
Investment income - interest	13,973	27,051	18,381
Other	742,081	1,124,780	1,126,570
Net Assets released from restrictions	<u>229,712</u>	<u>103,729</u>	<u>194,433</u>
Total revenue	<u>56,713,674</u>	<u>57,406,889</u>	<u>53,687,012</u>
Expenses:			
Salaries and wages	20,473,588	19,735,219	17,788,219
Consultants and contractual	12,523,992	14,561,933	14,148,043
Employee benefits	7,862,830	7,456,347	6,642,026
Delegate Agency contract	4,367,459	4,204,297	3,619,876
Materials and supplies	3,088,512	3,042,553	2,841,545
Volunteers - in-kind	1,255,368	915,830	931,137
Other - in-kind	1,222,320	1,242,098	1,068,209
Rent	1,162,911	1,038,626	823,304
Repairs and maintenance	1,050,805	1,117,895	759,775
Travel and transportation	654,865	698,908	601,624
Capital purchases	646,280	865,238	2,096,739
Utilities and housekeeping	599,344	544,498	469,942
Insurance	444,899	425,832	401,379
Other expenses	273,647	451,769	419,021
Training and seminars	270,165	244,196	213,882
Medical expenses	214,967	220,363	195,717
Postage and printing	189,273	193,110	179,761
Telephone	174,555	217,466	167,196
Contractors - in-kind	143,913	125,157	124,393
Interest expenses	53,218	70,683	67,421
Depreciation	<u>49,238</u>	<u>51,468</u>	<u>57,101</u>
Total expenses	<u>56,722,149</u>	<u>57,423,486</u>	<u>53,616,310</u>
Increase in unrestricted net assets	(8,475)	(16,597)	70,702
Adjustments to unreatricted net assets			
Changes in Property & Equipment Net Assets	(188,713)	(204,255)	780,854
Unrestricted net assets, beginning of year	<u>7,947,322</u>	<u>8,168,174</u>	<u>7,316,618</u>
Unrestricted net assets, end of year	<u><u>7,750,134</u></u>	<u><u>7,947,322</u></u>	<u><u>8,168,174</u></u>

Community Action Partnership of San Luis Obispo County, Inc.

Financial Position

	As of March 31,		
	2010	2009	2008
ASSETS			
Current Assets:			
Cash	\$ 1,583,408	\$ 2,283,493	\$ 226,310
Grants and accounts receivable	3,967,109	3,099,782	5,310,979
Inventory	86,826	97,044	76,510
Prepaid expenses	194,213	298,543	132,272
Total current assets	5,831,556	5,778,862	5,746,071
Property and equipment	8,102,129	8,513,676	8,782,191
Deposits	38,352	17,321	36,268
Total assets	<u>\$ 13,972,037</u>	<u>\$ 14,309,859</u>	<u>\$ 14,564,530</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Line of credit	\$ 306,592	\$ 380,200	\$ 380,000
Current portion-notes payable	52,539	55,664	56,582
Accounts payable and accrued expenses	3,222,593	2,992,912	3,150,750
SDE Reserve Account	112,571	254,926	213,613
Refundable Advances	1,797,265	1,660,951	1,635,842
Total current liabilities	5,491,560	5,344,653	5,436,787
Notes Payable	676,072	882,897	939,468
Total liabilities	\$6,167,632	6,227,550	6,376,255
NET ASSETS:			
Unrestricted net assets	7,750,134	7,947,322	8,168,174
Temporarily net assets	54,271	134,987	20,101
Total Net assets	7,804,405	8,082,309	8,188,275
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,972,037</u>	<u>\$ 14,309,859</u>	<u>\$ 14,564,530</u>
 Financial Ratios:			
	2010	2009	2008
Debt service coverage (x)	0.86	0.83	1.42
Debt/Unrestricted Net Assets (x)	0.12	0.12	0.09
Margin (%)	-0.01%	-0.03%	-0.14%
Current Ratio (x)	1.06	1.08	1.06

Exhibit A

Patients Served:

UTILIZATION STATISTICS

Clients Served (Patient Visits) for Fiscal Year Ended June 30,

	2010	2008	2007
Totals	5019 (10,851)	5,313 (11,561)	5,678 (11,804)